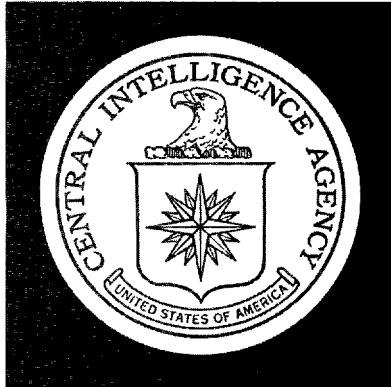


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[Czechoslovakia-USSR: Prague leaders are stalling on the timing and locale of a meeting with their Soviet counterparts pending the removal of Soviet troops from Czechoslovakia.

The withdrawal reportedly continued at a leisurely pace over the weekend, but some troops remained in the country beyond the Sunday deadline announced earlier by the Czechoslovaks. Prague radio reported that Soviet signal units were disassembling their equipment and beginning to leave on Saturday.

On 20 July Prague radio said that plans for a meeting of Czechoslovak and Soviet leaders at Kosice in eastern Slovakia had been "abandoned," and termed the Soviet proposal for a gathering in the USSR "unacceptable."

Czechoslovak agreement in principle to talks with Moscow is clear from the resolution adopted by the party central committee on 19 July. The document calls for "maximum effort" to bring about such "negotiations" as soon as possible, but it also instructs party leaders that the principles underlying Czechoslovakia's course are not negotiable. In a speech yesterday Czechoslovak President Svoboda also held out hopes for talks.

Some Czechoslovak leaders apparently believe reports of discord within the Soviet leadership and among its four allies in Eastern Europe over future tactics in the crisis.

[redacted] there was no conciliatory proposal in the Soviet letter inviting the Czechoslovaks to a meeting, but Prague is ready to make limited concessions in order to keep the Soviets from hardening their position. These would include an end to criticism of the Warsaw Pact command structure, a moratorium on independent moves in foreign policy, and restraint on linking the Soviets with earlier repressions in Czechoslovakia.

(continued)

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[On 21 July the Soviet army newspaper Red Star quoted an alleged Czechoslovak report that "several more" arms caches of US origin were discovered in Czechoslovakia. The Czechoslovak Interior Minister quickly denied this report, and characterized a previously discovered arms cache in western Bohemia a "provocation."

Yesterday, Pravda again described the "counter-revolutionary" threat to Czechoslovakia, but took pains to deny that the joint letter from Warsaw last week constituted an ultimatum. Moscow has not yet commented in public on Czechoslovakia's refusal to meet in the USSR, suggesting that it may be keeping open some limited room for maneuver on the timing, locale, and composition of the delegations.

East German propagandists are now directly attacking Dubcek's leadership. Rumania and Yugoslavia continue to give Prague vocal support, but apparently Ceausescu and Tito have delayed going to Prague at Czechoslovak request.

The French party yesterday withdrew its proposal for a European Communist conference on Czechoslovakia, following the return of party leader Waldeck-Rochet from talks in Prague. The Czechoslovak leadership reportedly had been "negative" toward the proposal. The official announcement said that the proposal was being withdrawn because of the "possibility" of bilateral talks between the Czechoslovaks and "some" of the powers which met in Warsaw a week ago.

Yesterday the Czechoslovak party daily Rude Pravo rejected Soviet allegations of US involvement in the crisis, concluding that in the present spirit of US-Soviet detente there is no logic to the thesis that the US has an interest in provoking Moscow by fomenting "counterrevolution" in Czechoslovakia. This editorial may have been designed in part to dampen fears raised by rumors of a Soviet deal with the US over the future of Czechoslovakia.

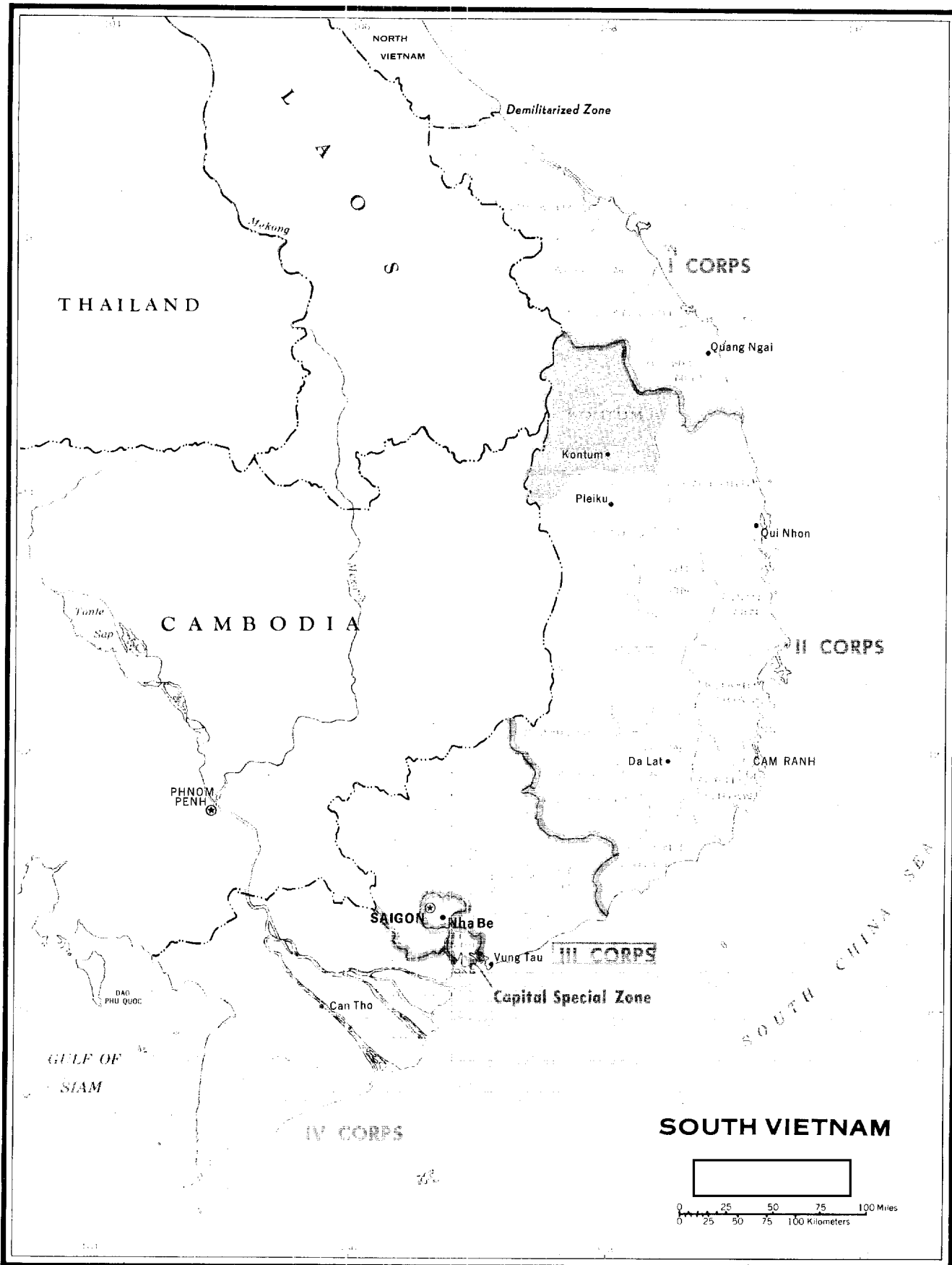
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Vietnam:

North Vietnam: The Vietnamese Communists have reinforced the impression of a significant tactical shift in their position concerning the role of the National Liberation Front in a political settlement.

Last week Hanoi issued a Foreign Ministry memorandum which dropped earlier insistence that a settlement must be "in accordance with the program" of the Front. In Paris, chief negotiator Xuan Thuy continues to blur the change in public without actually denying it.

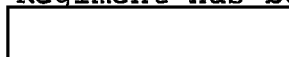
North Vietnamese propaganda during the weekend, however, seems to underline the point. A broadcast on 20 July said a settlement should be in accordance with the "spirit" of the Front program. Similar language was used in one part of the memorandum. The radio quoted the chief Front representative in Hanoi as saying a settlement should be "in keeping" with the Front program.

Even Ho Chi Minh's appeal on the anniversary of the Geneva Accords contains a hint of such a shift by giving special prominence to the new front organization, the Alliance, and only a nod to the Liberation Front.

South Vietnam: Ground action continued light and sporadic over the weekend.

Most contacts resulted from allied initiatives. There was an increase in Communist heavy weapons attacks, however, particularly in western Kontum Province and in III Corps. One of the rocket attacks struck the Nha Be petroleum facility just south of Saigon.

In northwestern III Corps, captured documents suggest the recently-arrived 32nd North Vietnamese Regiment has been assigned to the 7th Division.



(Map)

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Malaysia-Philippines: Malaysia's precautionary naval deployment against an allegedly imminent Philippine infiltration of Sabah may further strain relations between the two nations.

Malaysian authorities, although somewhat dubious of an intelligence report that 200 Filipinos will infiltrate on approximately 23 July, have nevertheless sent a frigate, five minesweepers, and four patrol craft to Sabah waters. Britain, which still has a number of officers serving with the Malaysian Navy, has asked the Malaysians to inform the squadron and ship commanders to be absolutely certain that no action is taken except within Malaysian territorial waters.

Although increasing its defensive capability in the area, Malaysia is simultaneously pursuing efforts to ease its badly strained relations with Manila.

[REDACTED] Malaysia has so far not retaliated for Manila's announced decision to withdraw all but one of its representatives in Kuala Lumpur.

The Philippine Government has not yet commented on the Malaysian naval deployment, presumably being unaware of the move. A Philippine naval contingent has been patrolling areas adjacent to Malaysian waters for some weeks. Other than the Malaysian report, there is no firm evidence of a Philippine infiltration plan although numerous rumors to this effect have been reported.

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India: Prime Minister Indira Gandhi will probably face her most difficult political test to date in the session of Parliament opening today.

The Soviets' notice that they will sell arms to Pakistan has touched off a storm of protest and indignation in India. New Delhi's reaction has been to protest the move through official channels and to orchestrate the strong public response at home. The Indians may hope, in this way, to limit the scope and quantity of arms the Pakistanis receive.

With Parliament in session, the focus will now shift to sharp criticism of the government's foreign policy and Mrs. Gandhi in particular. The prime minister's close identification with India's policy toward the USSR makes her a natural target for the highly aroused opposition parties. As the minister in charge of foreign affairs, she will have to bear the brunt of the assault, despite her weakness as a parliamentary performer.

There are also considerable forces within the ruling Congress Party who have long looked to the day when Mrs. Gandhi's handling of a major controversy could be used to displace her. Other conservative elements probably welcome the failure of what they regard as her pro-Soviet policy.

Nevertheless, the issue of Soviet arms to Pakistan is not likely to cause a concerted move within Congress to oust Mrs. Gandhi unless she falters badly. Her problem will be to avoid condemning the Soviet action less vigorously than public opinion expects without repudiating her past policies. Despite her alienation from some powerful party bosses, Mrs. Gandhi remains a formidable foe for her detractors, especially since the Congress parliamentary majority is so slender that withdrawal of her immediate followers could prevent formation of a Congress government under an alternate leader.

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Nigeria: Federal and Biafran representatives have agreed on an agenda for peace negotiations to take place soon in Addis Ababa.

The two sides are meeting under the auspices of the Organization of African Unity's Consultative Committee on Nigeria, which has been deliberating in Niamey since 15 July. Federal leader Gowon and Biafran leader Ojukwu paid separate visits to Niamey, and both reiterated their firm conditions for peace talks and a cease-fire.

Ojukwu, however, has probably won the most points by suddenly agreeing to talk. He has thus put the onus on Lagos for continuing the fighting and hopes that international pressures will force Gowon to agree to an immediate cease-fire.

Gowon, however, is unlikely to yield to such pressure, as he would be in serious trouble with his top civilians and army commanders, who view Biafra's renunciation of secession as the only acceptable end to the crisis. Although prospects have improved that relief supplies might start flowing in the near future, chances for an early cease-fire and a final political settlement have not significantly improved.

[REDACTED]

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Morocco-Algeria: Tension along the disputed border has again risen.

[REDACTED]
the Algerian Army has been very active recently along Morocco's southeastern border, that it has attempted to occupy Moroccan posts north of Tindouf as well as the south bank of the Oued Draa watercourse, and that it has also attempted to outflank Moroccan outposts in what is unquestioned Moroccan territory.

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[REDACTED] Moroccan forces are on the alert for any eventuality and [REDACTED]
[REDACTED] in direct contact with Algiers regarding the problem.

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The long-disputed area was the scene of a two-week border war in 1963, when an armistice commission--including Mali and Ethiopia in addition to Morocco and Algeria--established a demilitarized zone. An ad hoc commission set up by the Organization of African Unity to find a solution to the dispute recommended in February 1967 that the two parties settle the problem bilaterally.

[REDACTED]

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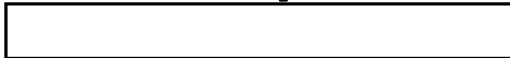
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Bolivia: A political crisis has developed in the wake of official accusations of treason against the minister of government, who now admits that he passed "Che" Guevara's diary to the Cubans.

The major opposition groups are submerging their political differences and working together in efforts to oust President Barrientos. These groups on 20 July sparked street demonstrations which resulted in one national guardsman dead and four wounded. The armed forces have moved into key government buildings in preparation for further disorders.

Barrientos thus far has the backing of the armed forces but there is evidence of differences among the military over what steps to take. Barrientos reportedly wants to form an all-military cabinet, but commanding general of the armed forces Ovando believes that this would only solidify opposition to the military and the government. There are also unsubstantiated rumors that some junior officers are talking of a coup.

Barrientos reportedly believes that if the situation can be kept in hand, the peak of danger will have passed by today and he may then decide whether to retain his present cabinet or to reorganize it.



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USSR-Venezuela: The USSR is arranging to haul petroleum for Western oil companies from Venezuela to Western Europe.

Subsidiaries of two US oil firms in Venezuela are to use Soviet tankers to carry crude oil and products to the companies' West European customers. Other Western petroleum firms are also expected to become involved as cheaper tanker rates make the use of Soviet vessels attractive. The arrangement would allow Soviet vessels currently returning in ballast from Cuba to earn foreign exchange by hauling the Western petroleum, in effect subsidizing Soviet oil shipments to Cuba.

25X1 [redacted] the Venezuelan government's acquiescence in the plan and noted that it comes when the Leoni government is taking initiatives to expand commercial ties with Eastern Europe.

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Colombia-Czechoslovakia: In line with a policy of expanding ties adopted by both Colombia and Czechoslovakia, the two countries have agreed to raise their representation from the consular to the diplomatic level. Trade between the two last year amounted to about \$1.5 million each way, the most balanced exchange between Colombia and any of its bilateral trading partners. Prague's agreement is consistent with its desire to pursue a more active foreign policy, particularly with Western nations. For example, the Czechoslovaks have recently established relations with Venezuela, and are contemplating closer ties with Peru.

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